

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D.C.

ORDER NO. 2648

IN THE MATTER OF:

Served January 9, 1985

Application of TRANSPORTATION)
CONSULTANTS, INC., for Special)
Authorization to Conduct Charter)
Operations Pursuant to Contract)
with National Institutes of Health)

Case No. CP-84-13

By application filed December 20, 1984, Transportation Consultants, Inc. ("applicant"), seeks authorization to conduct charter operations pursuant to WMATC Special Certificate of Public Convenience and Necessity No. 1 under contract with the National Institutes of Health ("NIH") transporting passengers travelling on official government business, over irregular routes, between NIH facilities in Bethesda, Md., on the one hand, and, on the other, points in that part of the Metropolitan District within 36 miles of Bethesda, Md.

Order No. 2642, served December 24, 1984, generally describes the evidence submitted with the application, and that order is incorporated herein by reference. Applicant was required to publish notice and file an affidavit of publication. Applicant was unable to publish notice on December 27, 1984, as required, effecting publication, instead, on December 28, 1984. Applicant requests that such publication be found in substantial compliance, and that request is hereby granted. No protests to the application have been filed.

Commission Regulation No. 70 provides that an application of this type will be granted if it is determined that the applicant is fit, willing and able properly to perform the proposed service and to conform to the provisions of the Compact and the rules, regulations and orders of the Commission thereunder, and if it is determined that the proposed operations conform to the provisions of Regulation No. 70. The issue of whether the public convenience and necessity require such service has been determined in Case No. MP-79-04. See Order No. 2004, served June 20, 1979.

The contract is for a fixed term of at least 181 days, provides for the transportation of persons travelling on official business with a government agency, and generally appears appropriate for processing under Commission Regulation No. 70. Applicant already holds authority from WMATC (see Authorization No. SP-107-01), has the equipment and experience to provide the proposed service, has an appropriate certificate of insurance on file, and is found to be fit with regard to operations and compliance.

However, this leaves the matter of financial fitness, an issue pointedly raised in Order No. 2642, and one which bears repeating because it stands unanswered on this record:

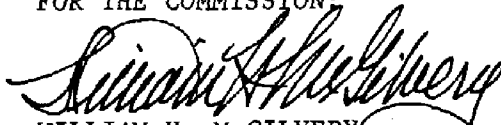
Applicant's balance sheet, dated September 30, 1984, shows current assets of \$229,198, total assets of \$359,714, current liabilities of \$147,077, total liabilities of \$891,404, and a net stockholder's equity of (\$531,690). For the nine months ended September 30, 1984, applicant had operating revenues of \$1,195,408 and operating expenses of \$1,146,343 for an operating ratio (before income taxes) of .959, and net earnings (including miscellaneous income and interest expenses) of \$38,056.

On the instant contract, applicant projects income of \$41,849.60. Expenses are projected to be \$61,766 including \$2,132 for maintenance, \$47,045 for drivers' wages, \$4,397 for gas and oil, \$3,000 for insurance and \$5,192 for depreciation. Thus, Transportation Consultants expects that operations for NIH in 1985 would increase its retained earnings deficit by \$19,916.40. In fact, the revenue to be derived from this contract would be insufficient to pay wages to applicant's drivers as required by Department of Labor Wage Determination No. 79-219 which is a part of the contract between applicant and NIH. Accordingly, the Commission puts applicant on notice that there exists grave doubt regarding its financial fitness and ability to perform the proposed service.

Not only has this concern gone unanswered on this record, it is also noted that this contract includes options exercisable by NIH to extend the contract through December 31, 1987. One can only conclude that the proposed operation would worsen the already unhealthy financial condition of this carrier perhaps to the point of impairing its ability to sustain not only these operations but its other certificated operations as well. It is impossible on this record to find applicant financially fit to provide the proposed service and, therefore, this application is denied.

IT IS SO ORDERED.

FOR THE COMMISSION:


WILLIAM H. MCGILVERY
Executive Director 